

<b>DISPATCH</b>		CLASSIFICATION <b>SECRET</b>	DISPATCH SYMBOL AND NO. <b>MEMA-5272</b>
TO INFO	<b>Chief, IE</b>  <b>CIS</b>		HEADQUARTERS FILE NO. <b>122-122-0520</b>  <b>Field File No 690</b>
FROM	<b>Chief of Base, Berlin</b>		DATE <b>2 October 1958</b>
SUBJECT	<b>Operational/CASSET</b> <b>LECHENOW/July 1958 Progress Report</b>		RE: "43-3" — (CHECK "X" ONE)
ACTION REQUIRED	<b>See paragraph 7.</b>		MARKED FOR INDEXING
		<input checked="" type="checkbox"/>	NO INDEXING REQUIRED
			INDEXING CAN BE JUDGED BY QUALIFIED HQ. DESK ONLY

DECLASSIFIED AND RELEASED BY  
CENTRAL INTELLIGENCE AGENCY  
SOURCE/METHOD/EXEMPTION 3028  
NAZI WAR CRIMES DISCLOSURE ACT  
DATE 2008

SECRET

RUSA-52872

7. Outstanding Action:

Review of KACHASOCK commercialization (forwarded under RUSA-52315, 15 September 1958); project renewal and FY 1959 operational program (forwarded under RUSA-52531, 18 September 1958).

8. Case Officer Comments:

As can be inferred from the attached contact reports, in our attempts to detail the status and future course of Kachasock commercialization and, admittedly, to implement a program of reorganization and redirection of project activities, we were obliged to exert considerable pressure on KACHASOCK-1. On the one hand, he resisted our attempts to document the chances of future commercial viability; on the other hand, he was hurt and chagrined at our announcement of a budget cut and the consequent need to restrict project activities. The combination of these two developments was understandably frustrating for him, the more so because of the apparent lack of any comparable invasion of his management prerogatives in past years. (Our own emphasis on these two aspects of the project has been increasing steadily over the past years. Our detailed attention to commercialization began around the first of the year and our re-orientation of operational activities, as finally formulated in the operational program transmitted under RUSA-52531, 18 September, has been a steady process over the past year; but the climax, coinciding with the news of the budget authorization for FY 1959, did not come until July.) At one point in the course of our discussions, KACHASOCK-1 clearly indicated his feeling that he was being unjustifiably put upon, his suspicion that these encroachments were really a clever plan to squeeze him out of existence - in DUKHIN, and the possibility that he might resign rather than lose his present status and prerogatives. We expressed our regret that he should interpret our actions in this manner but indicated, in effect, that our proposals and stipulations would nevertheless have to stand and that if he really felt we were breaking faith with him, we would have no recourse but to reconsider our relationship to him, with the implication that we would be prepared to accept his resignation if it came to that. Since this critical exchange, KACHASOCK-1 has apparently thought it over and fallen into line with our views. Within the new budgetary framework and under the considerably revised operational program currently being implemented he seems to have regained his former elan and enthusiasm for KACHAS operations--a mood which has undoubtedly been partly stimulated by recent indications of additional financial support from the Ruman government and the growing chances for Kachasock commercial success. More important (and not surprisingly), we feel our operational relationship to him has improved, rather than deteriorated, as a result of these developments. Although it is still too early to document this improvement, it would appear that, from the viewpoint of control, at least, a better basis for future project accomplishments has been established. We hope that future project reporting will reflect this improved relationship.

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